

COMINCO LTD. 68th ANNUAL REPORT 1973



AR48



COVER

The spectacular specimen of zinc-lead ore pictured on the cover is from the Polaris deposit, located on Little Cornwallis Island in the Canadian high Arctic (page 6). The discovery of this large high-grade body of zinc-lead ore is the result of Cominco's continuing exploration in the Canadian north. Previous discoveries resulted in the Con Mine at Yellowknife and the Pine Point Mine on the south shore of Great Slave Lake. The establishment of these mining operations brought about the now thriving northern communities of Yellowknife and Pine Point. The Polaris deposit, in turn, may well result in a mining operation which will make a major contribution to the continued development of Canada's far northern lands.

Throughout the report specimens of other ores from Company mines and properties are depicted.



PRINCIPAL OFFICES

COMINCO LTD.

- 1 Head Office – 200 Granville Square, Vancouver, British Columbia, V6C 2R2
- 2 General Office – Trail, British Columbia
- 2 Research Centres – Trail, British Columbia
- 8 Sheridan Park, Ontario

SALES OFFICES

- 1 CANADA Cominco Ltd. – Vancouver, British Columbia
- 4 Calgary, Alberta
- 6 Winnipeg, Manitoba
- 8 Toronto, Ontario
- 14 U.S.A. Cominco American Incorporated – Spokane, Washington
- 19 Ametalc Inc., New York
- 20 EUROPE Cominco (U.K.) Ltd. – London, England
- 22 Cominco GmbH – Dusseldorf, West Germany

EXPLORATION OFFICES

- 1 CANADA Cominco Ltd. – Vancouver, British Columbia
- 8 Toronto, Ontario
- 14 U.S.A. Cominco American Incorporated – Spokane, Washington
- 26 AUSTRALIA Cominco Exploration Pty. Ltd. – Sydney, Australia
- 25 S. AFRICA Eland Exploration Pty. Ltd. – Springs, S. Africa
- 23 EUROPE Exploracion Minera Internacional (España) S.A. – Madrid, Spain

MAJOR OPERATIONS

MINES

- 27 Abertoye Limited – Victoria, Australia
- 31 Arvik (Polaris) – Northwest Territories, Canada
- 13 Black Angel – Greenland
- 15 Brock – Montana, U.S.A.
- 10 Con – Northwest Territories, Canada
- 12 Fording Coal Limited – British Columbia, Canada
- 16 Magmont – Missouri, U.S.A.
- 9 Pinchi Lake – British Columbia, Canada
- 11 Pine Point Mines Limited – Northwest Territories, Canada
- 5 Potash – Saskatchewan, Canada
- 24 S.C.E.D. – Central African Republic
- 3 Sullivan – British Columbia, Canada

METAL PRODUCTION

- 2 Cominco Ltd. – British Columbia, Canada
- 28 Cominco Binani Zinc Limited – Kerala State, India
- 30 Hawaiian Western Steel Limited – Hawaii, U.S.A.
- 21 Mazak Limited – England
- 29 Mitsubishi Cominco Smelting Company Limited – Naoshima Island, Japan
- 1 Western Canada Steel Limited – British Columbia, Canada
- 4 Western Canada Steel Limited – Alberta, Canada

METAL FABRICATION

- 14 Cominco American Incorporated – Washington, U.S.A.
- 8 The Canada Metal Company Limited – Ontario, Canada
- 7 National Hardware Specialties Limited – Ontario, Canada

CHEMICAL and FERTILIZER PRODUCTION

- 2/3 Cominco Ltd. – British Columbia, Canada
- 4 Alberta, Canada
- 18 Camex Inc. – Texas, U.S.A.
- 17 Cominco American Incorporated – Nebraska, U.S.A.
- 28 Cominco Binani Zinc Limited – Kerala State, India







Financial Highlights

OPERATIONS

(Millions of dollars)

	1973	1972
Total revenue (see Note)	\$517.8	\$375.1
Net earnings	42.8	20.0
Capital expenditures	62.4	55.4
Dividends	21.2	13.5

FINANCIAL

(Millions of dollars)

Working capital	\$156.1	\$106.9
Long-term debt	146.5	118.2
Shareholders' equity	346.9	325.2

PER COMMON SHARE

Net earnings	\$2.52	\$1.19
Dividends	1.25	0.80
Shareholders' equity	20.44	19.17

STATISTICAL

Number of employees	11,129	10,739
Number of shareholders	31,701	35,434

Note: Total revenue does not include that of associated companies amounting to \$115.4 million (1972 - \$53.2) whose earnings are reported on an equity basis.

All tonnage figures in this report are expressed in short tons.
(1972 figures in parentheses)

For Canadian capital gains tax purposes the valuation day value of Cominco Ltd. shares on December 22, 1971, as established by the Department of National Revenue was \$22.88 (Canadian).

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Principal Products	Inside Back Cover



OUTPUT OF PRINCIPAL PRODUCTS

YEAR	ZINC Tons 1000's	LEAD Tons 1000's	Ores & Concentrates Produced for Sale Tons 1000's	Silver Ozs. 1000's	Fertilizer Inc. Potash Tons 1000's
1894-1968	6,756	7,812	1,017	421,221	17,955
1969	225	196	331	5,705	799
1970	222	219	391	6,045	1,074
1971	211	191	275	5,560	1,090
1972	243	203	226	6,949	1,139
1973	248	202	293	9,629	1,666
1894-1973	7,905	8,823	2,533	455,109	23,723

68th Annual Report of the Directors

TO THE SHAREHOLDERS

The year 1973 was a turbulent one for the metal and fertilizer industries. Your Company's net earnings, although improved over recent years, were still below those of the mid-1960's. The firming trend in prices which began in 1972 more adequately reflected the continuing increase in the cost of labour, materials and transportation.

All plants operated at close to maximum capacity. Production interruptions, caused by strikes, resulted in a loss of more than 70,000 man days to the Company and its associates.

The continued growth of our mining activities depends upon sustained exploration. We are dedicated to the acquisition and development of resources in areas where appropriate political, labour and business conditions exist. Exploration is featured in the commentary on page 6.

Markets for the Company's products were strong and in most cases demand exceeded world production. In keeping with our practice, domestic markets received priority and the balance of production was sold internationally.

Capital expenditures were \$62.4 million of which a major portion was spent on the following projects:

- Black Angel Mines, Greenland — brought into production;

- Polaris Mine, Canadian high Arctic — development continued;

- Rubiales Mine, Spain — underground exploration completed;

- Fording Coal, B.C. — plant modifications completed;

- Con Mine, N.W.T. — second shaft commenced.

The potash mine at Vade, Saskatchewan returned to full operation and the production rate increased throughout the year as market demand rose.

A 60 percent interest was acquired in a new company,

Société Centrafricaine d'Exploitation Diamantifère, formed to conduct diamond mining and exploration on concessions granted by The Central African Republic. Technical and mechanical assistance to independent diamond diggers already operating in the area will also be provided.

The Company's program of technical and product research continues at its two research centres in Canada. As a result of encouraging preliminary studies, plans were announced in November to pilot the new pollution-free hydrometallurgical process for the recovery of copper from sulphide concentrates, developed jointly with Sherritt Gordon Mines Limited. The program will cost approximately \$10.0 million. The plant will be built at Fort Saskatchewan, Alberta and is scheduled to start up early in 1975. If successful, this new development will be of major interest to the copper industry.

As noted in the commentary on page 12, our electronic materials business developed rapidly during the year. This activity results from an extensive program which began in the late 1950's in our research laboratories.

A study was undertaken into the feasibility of constructing a zinc refinery in the United Kingdom to process concentrates into metal within the European Common Market.

You are aware that considerable criticism has been levelled at industry for its handling of pollution matters. Protection of the environment has been, and continues to be, a major concern of your Company. For many years we have been leaders in the development of pollution control techniques and we continually monitor effluents from our processing operations to ensure that discharges are at minimum levels. Our achievements in this field are well known and as a result of our substantial expenditures in research we are constantly improving our control procedures.

During 1973 the mining industry in British Columbia was

hampered by a lack of definition of the resource policies in both Federal and Provincial jurisdictions, and this difficulty continues. In spite of numerous industry representations, grave and serious problems relating to taxation, royalties, land tenure and related matters remain unresolved and have been a significant impediment to the orderly development of the mining industry. Because of these uncertainties it has been impossible to reach a production decision regarding our copper projects in British Columbia.

Mr. R. Hendricks tendered his resignation from the Board of Directors at the last Annual Meeting on his retirement as Chairman and Chief Executive Officer of Cominco Ltd. The contributions made by Mr. Hendricks to the growth and development of the Company are deeply appreciated. Mr. H. T. Fargey was elected a Director. Later in the year, Mr. W. G. Wilson was appointed Director, Finance.

Cominco employees played a significant role in the past year. On behalf of the Board of Directors we wish to record our appreciation for their efforts and achievements.



F. E. BURNET,
Chairman and Chief Executive Officer.

G. H. D. HOBBS,
President.

Vancouver, British Columbia.
March 18, 1974.

Exploration

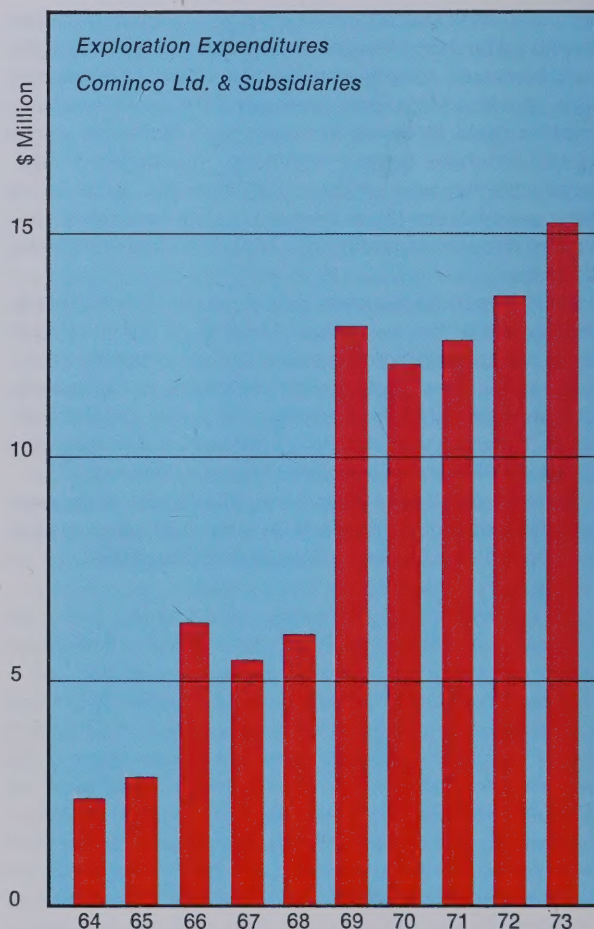
The Company and its subsidiaries mine more than 10 million tons of ore annually. To maintain this production level requires a significant and continuing exploration program. To diversify and expand operations a substantially greater exploration effort is necessary. The Company's past experience has shown that, in the long term, exploration expenditures professionally applied are successful in providing the new ore required. The current resource level is a direct result of the decision reached ten years ago to intensify this activity, as shown in the adjoining graph.

Major exploration programs were carried out during 1973 in Canada, the United States, Mexico, Spain, The Central African Republic, South Africa and Australia. Work ranged from preliminary investigations of interesting prospects to underground development of more advanced projects. This work is done directly by the Company or by technical co-ordination of the activities of its subsidiaries. High priority was given to the search for zinc and lead but other metals and minerals, including diamonds, were actively sought. Applied exploration research initiated by the Company continues to result in new ore-finding techniques which are being applied in both new and previously-investigated areas with considerable success.

The following more advanced projects are currently in progress:—

Arvik

An underground program consisting of a 5,300-foot inclined adit and some 600 feet of drifting, together with extensive underground diamond drilling, was completed at the Polaris property. This work provided more detailed information on the grade, tonnage and mining conditions which prevail at this 25-million ton ore-body. A production feasibility study, still underway at year-end, included a



shipment of 3,600 tons of ore for large-scale metallurgical testing. Preliminary results indicate no significant metallurgical difficulties. The Company is directing its attention to resolving the problems attendant upon the moving of a year's production from this remote location in the very short shipping season available.

Exminesa

The underground exploration phase of the Rubiales zinc-lead mine development in Northern Spain was completed and a production feasibility study for a medium-size mining operation was well advanced by the end of the year. Metallurgical problems which became apparent during the study have been resolved. Elsewhere in Spain, Exminesa acquired and explored several other promising zinc-lead-copper prospects on which further work is planned in 1974.

SCED

The Company became active in diamond exploration and mining in The Central African Republic. A new 60 percent-owned company, Société Centrafricaine d'Exploitation Diamantifère, (SCED) was incorporated and obtained permits for exploration and placer mining of diamonds. Significant diamond production at present comes from numerous small-scale hand operations carried out by local artisans. Mechanized equipment, already delivered and in use at the operations, is expected to result in greatly improved efficiency.

Other Projects

Diamond drilling on the property of Bathurst Norsemines in the Northwest Territories added appreciably to the outlined ore at this zinc-copper-silver prospect.

The Company acquired a 15 percent interest in Lepanto Exploration (Asia) Inc. an active exploration company in the Philippine Islands.



Rubiales zinc-lead ore

In Mexico the Company has several promising copper-molybdenum prospects on which additional work is planned in 1974.

In addition Cominco American, Pine Point Mines, Vestgron Mines and the Aberfoyle group in Australia continued their ongoing programs.

Panarctic Oils

Successful step-out wells in two previously discovered fields added to the natural gas reserves in the Canadian Arctic. The high level of exploration in 1973 is expected to continue through 1974.

ZINC-LEAD ORE RESERVES

	1973		1972	
Measured & Indicated	Ore Tons	Zinc-Lead Tons	Ore Tons	Zinc-Lead Tons
B.C.				
Sullivan } H.B. }	62,000,000	6,700,000	63,000,000	6,900,000
N.W.T.				
Pine Point	38,000,000	3,100,000	41,000,000	3,400,000
U.S.A.				
Magmont	12,000,000	1,100,000	12,000,000	1,100,000
GREENLAND				
Black Angel	4,900,000	970,000	4,500,000	900,000
SPAIN				
Rubiales	8,000,000	930,000	—	—
Potential				
N.W.T.				
Polaris	25,000,000	4,700,000	20,000,000	4,000,000
SPAIN				
Rubiales	—	—	10,000,000	1,000,000

OTHER ORE RESERVES

	1973		1972	
Measured & Indicated	Ore Tons	Gold Oz.	Ore Tons	Gold Oz.
GOLD - N.W.T.				
Con } Rycon }	1,200,000	740,000	1,000,000	620,000
MERCURY - B.C.				
Pinchi Lake	1,600,000	Mercury Flasks 120,000	1,800,000	Mercury Flasks 130,000
TIN - AUSTRALIA				
Aberfoyle } Ardlethan } Cleveland }	7,000,000	Tin Tons 52,000	5,800,000	Tin Tons 44,000
PHOSPHATE ROCK - U.S.A.				
Brock } Douglas }	19,000,000	P ₂ O ₅ Tons 5,700,000	19,000,000	P ₂ O ₅ Tons 5,700,000
COAL - B.C.				
Fording		Clean Coal Tons 52,000,000		Clean Coal Tons 52,000,000
- ALBERTA				
CanPac		1,200,000,000.		1,200,000,000
POTASH - SASKATCHEWAN				
Vade		100 years at full production		
Potential				
COPPER - B.C.				
Valley Copper	800,000,000	Copper Tons 3,800,000	800,000,000	Copper Tons 3,800,000

Producing Mines

Location	Mine	Product	1973		1972	
			Ore Produced Tons	Grade	Ore Produced Tons	Grade
B.C.	Sullivan	Zinc-Lead	2,214,000	10.0%	1,925,000	10.8%
	H.B.	Zinc-Lead	352,000	5.3%	—	—
	Pinchi Lake	Mercury	163,000	—	203,000	—
	Fording	Coal	2,447,000	—	—	—
OTHER CANADA	Pine Point	Zinc-Lead	3,896,000	8.9%	3,810,000	8.9%
	Con	Gold	169,000	0.56 oz.	165,000	0.67 oz.
	Potash	K ₂ O	1,910,000	26.0%	332,000	25.8%
U.S.A.	Magmont	Lead-Zinc	934,000	8.3%	1,034,000	7.9%
	Brock	P ₂ O ₅	226,000	29.4%	240,000	29.4%
OTHER WORLD	Black Angel	Zinc-Lead	175,000	22.9%	—	—
	Aberfoyle	Tin-Tungsten	62,000	1.0%	119,000	0.9%
	Cleveland	Tin-Copper	348,000	1.2%	427,000	1.3%
	Golden Plateau	Gold-Silver	36,000	1.1 oz.	42,000	0.93 oz.
	Ardlethan	Tin	488,000	0.54%	457,000	0.53%

Sullivan Mine, Kimberley, B.C.

(Zinc-Lead)

Ore production was substantially higher than in 1972 in spite of considerable difficulty encountered with spontaneous oxidation of sulphides from certain parts of the mine which resulted in "hot" ore. Suitable mining procedures, which had already been developed to deal with this anticipated situation, were successfully employed. The output of the mine is refined to metal at Trail, B.C.

H.B. Mine, Salmo, B.C.

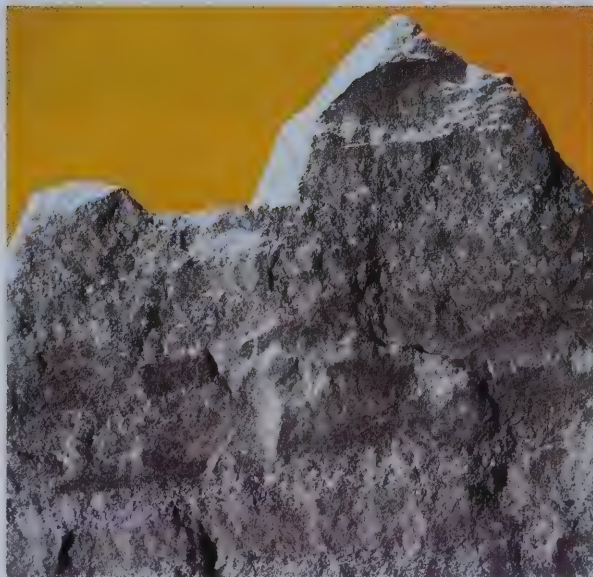
(Zinc-Lead)

Rehabilitation and start-up preparations were completed and production recommenced in February. The mine had been shut down since November 1966. The output was refined to metal at Trail, B.C.

Pinchi Lake Mine, Fort St. James, B.C.

(Mercury)

Ore production kept pace with market demand and was refined to metal at the Pinchi Lake refinery. Reserves are equivalent to approximately 20 years of production at current rates and there is excellent potential for additional ore.



Sullivan zinc-lead ore

Producing Mines (cont'd)



Potash from Vade mine

Vade Mine, Saskatchewan

(Potash)

Modifications to the processing plant in the last quarter increased recovery by a significant 10 percent. Demand for potash improved steadily and at year-end the production quota had reached 68.5 percent of design capacity. This increase in allocation necessitated a speed-up in the procurement and installation of equipment previously deferred.

Con Mine, Yellowknife, N.W.T.

(Gold)

Of the total tonnage of ore processed at this operation 140,000 (114,000) tons of grade 0.58 (0.75) ounces per ton originated at the Con Mine. The balance was provided by the contiguous Rycon Mine which the Company operates on behalf of Rycon Mines Limited.

Production was adversely affected by excessively high labour turnover and a chronic shortage of miners. Sinking commenced on a new 5,800-foot shaft and by year-end the temporary headframe and hoist were in place. This shaft will provide access to the extensive additional ore discovered in 1972. The Con Mine currently has the highest reserves in its 35-year history.

Producing mines of Subsidiaries and Associates are dealt with under the respective companies.



Con gold ore

Manufacturing

Primary Metals

Total production of metals by the Company and its subsidiaries is shown in the table. Refined zinc and lead production at Trail were adversely affected by the national rail strike during the summer. An electrical fire at the zinc plant in December caused a further interruption of production and the loss of approximately 12,000 tons of refined zinc. In spite of these difficulties a new record for refined zinc production was achieved.

Modernization of part of the zinc electrowinning plant at Trail began and when completed early in 1974 will result in significantly improved working conditions in this labour intensive section. A 10,000-ton per year increase in refined zinc capacity will also result.

Silver production increased sharply from the level of recent years because of substantially higher customs ore purchases. Indium production was also at a high level and other metal outputs were in line with plant capacities and market demand.

The electronic materials business developed rapidly and new production records were achieved. The demand for high purity arsenic of various grades rose sharply. A significant factor in this growth was the wide acceptance of light emitting diodes, the manufacture of which also required increased quantities of the Company's high purity gallium.

Chemicals and Fertilizers

Fertilizer production at Canadian operations was below forecast because of the national rail strike, a two-month strike at Calgary operations and the zinc plant fire at Trail. In the United States production was slightly above that of 1972.

The first phase of the Trail phosphate plant modernization program was completed and resulted in markedly improved operating conditions.

METAL PRODUCTION

			1973	1972
Zinc		Tons	248,000	243,000
Lead		Tons	172,000	170,000
	Trail	Tons	30,000	33,000
	Magmont	Tons	202,000	203,000
Silver		Ozs.	9,629,000	6,949,000
Gold		Ozs.	114,000	136,000
Cadmium		Lbs.	1,153,000	1,123,000
Bismuth		Lbs.	124,000	226,000
Antimonial				
Lead		Tons	830	340
Indium		Ozs.	681,000	462,000
Mercury		Flasks	12,500	14,600
Tin*		Tons	3,750	3,800
Tungsten*		Tons	300	850
Steel		Tons	197,000	244,000

*Metal Content of Concentrates.

PLANT FOOD & CHEMICALS PRODUCTION

		1973	1972
		Tons	Tons
Chemicals & Fertilizers			
Canada		560,000	579,000
United States		489,000	477,000
Potash			
Canada		617,000	83,000
Total		1,666,000	1,139,000



Financial Statements

Thorne
Gunn
& Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Cominco Ltd.

We have examined the consolidated balance sheet of Cominco Ltd. as at December 31, 1973 and the consolidated statements of earnings, earnings reinvested in the business and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year (after giving retroactive effect to the change described in Note 1a), subject to possible adjustments which may result from resolution of the matters described in Notes 4 and 6 b.

Thorne Gunn & Co.

Chartered Accountants

Vancouver, B. C.
February 22, 1974

Consolidated Statement of Earnings

Year ended December 31, 1973 (with 1972 restated – Note 1 a) and f))

(Thousands of dollars)

	1973	1972
REVENUE		
Sales of products and services	\$513,986	\$372,891
Income from investments	3,817	2,225
	<u>517,803</u>	<u>375,116</u>
COSTS AND EXPENSES		
Distribution	53,801	48,473
Selling	10,149	9,817
Cost of products and services	285,399	218,047
General and administrative	20,806	16,632
Long-term debt interest and expense	9,784	8,299
Depreciation, depletion and amortization	43,632	34,898
	<u>423,571</u>	<u>336,166</u>
Earnings before the following	94,232	38,950
Income taxes	44,700	15,000
	<u>49,532</u>	<u>23,950</u>
Minority interests in net earnings of subsidiaries	5,587	3,441
	<u>43,945</u>	<u>20,509</u>
Equity in net (losses) earnings of associated companies	(1,110)	567
EARNINGS BEFORE EXTRAORDINARY ITEM	42,835	21,076
Extraordinary item	—	1,067
NET EARNINGS	<u>\$ 42,835</u>	<u>\$ 20,009</u>
EARNINGS PER SHARE		
Before extraordinary item	<u>\$2.52</u>	<u>\$1.25</u>
After extraordinary item	<u>\$2.52</u>	<u>\$1.19</u>

Consolidated Statement of Earnings Reinvested in the Business

Year ended December 31, 1973 (with 1972 restated – Note 1 a) and f))

(Thousands of dollars)

	1973	1972
Amount at beginning of year as originally reported	\$291,760	\$285,761
Equity in reinvested earnings of associated companies	477	310
As restated	292,237	286,071
Net earnings	42,835	20,009
Prior year's adjustment	—	(363)
	<u>335,072</u>	<u>305,717</u>
Dividends – \$1.25 per share (1972 – \$0.80)	21,211	13,480
Amount at end of year	<u>\$313,861</u>	<u>\$292,237</u>

Consolidated Balance Sheet at December 31, 1973

(Thousands of Dollars)


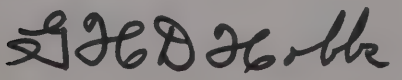
	1973	1972
CURRENT ASSETS		
Cash and short-term investments	\$ 82,280	\$ 24,205
Accounts receivable	71,846	59,440
Inventories (Note 2)	91,337	71,747
Prepaid expenses	<u>4,483</u>	<u>6,025</u>
	<u>249,946</u>	<u>161,417</u>
INVESTMENTS (Note 3)		
Associated companies	30,855	29,223
Other companies	<u>9,333</u>	<u>7,818</u>
	<u>40,188</u>	<u>37,041</u>
FIXED ASSETS (Note 1 c))		
Land, buildings and equipment	491,384	467,895
Less accumulated depreciation	<u>205,802</u>	<u>190,714</u>
	<u>285,582</u>	<u>277,181</u>
Mining properties and development	133,486	120,778
Less accumulated depletion	<u>50,221</u>	<u>41,645</u>
	<u>83,265</u>	<u>79,133</u>
	<u>368,847</u>	<u>356,314</u>
OTHER ASSETS (Note 4)	<u>14,248</u>	<u>16,068</u>
	<u>\$673,229</u>	<u>\$570,840</u>

er 31st, 1973 (with 1972 restated – Note 1 a) and f))

t dollars)

	1973	1972
CURRENT LIABILITIES		
Bank loans	\$ 1,090	\$ 2,951
Accounts payable and accrued liabilities	64,059	42,126
Income taxes	23,895	4,831
Long-term debt due within one year	<u>4,768</u>	<u>4,635</u>
	<u>93,812</u>	<u>54,543</u>
LONG-TERM DEBT (Note 5)	<u>146,483</u>	<u>118,239</u>
INCOME TAXES PROVIDED FOR BUT NOT CURRENTLY PAYABLE	<u>46,660</u>	<u>35,022</u>
MINORITY INTERESTS	<u>39,411</u>	<u>37,797</u>
SHAREHOLDERS' EQUITY		
Capital		
Authorized – 20,000,000 shares of no par value		
Issued and fully paid – 16,969,953 shares	33,002	33,002
Earnings reinvested in the business	<u>313,861</u>	<u>292,237</u>
	<u>346,863</u>	<u>325,239</u>
	<u>\$673,229</u>	<u>\$570,840</u>
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)		

Approved by the Board:


 } Directors

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1973 (with 1972 restated – Note 1 a) and f))

(Thousands of dollars)

	1973	1972
SOURCE		
Net earnings	\$ 42,835	\$ 21,076
Add: Depreciation, depletion and amortization	43,632	34,898
Income taxes not currently payable	5,403	4,161
Minority interests in net earnings of subsidiaries	<u>5,587</u>	<u>3,441</u>
Funds from operations	97,457	63,576
Adjustments to income taxes currently payable	6,235	—
Increase in long-term debt	28,244	7,726
Proceeds from sale of assets and advances recovered	4,555	4,287
Other	1,929	—
Issue of shares to acquire an investment	<u>—</u>	<u>8,000</u>
	<u>138,420</u>	<u>83,589</u>
APPLICATION		
Investments	5,258	11,512
Land, buildings and equipment	41,432	32,905
Mining properties and development	15,746	10,996
Dividends – to shareholders	21,211	13,480
– to minority shareholders of subsidiaries	5,513	5,580
Other	<u>—</u>	<u>3,921</u>
	<u>89,160</u>	<u>78,394</u>
Increase in working capital	<u>49,260</u>	<u>5,195</u>
Working capital at beginning of year	<u>106,874</u>	<u>101,679</u>
Working capital at end of year	<u>\$156,134</u>	<u>\$106,874</u>

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies.

a) Principles of Consolidation.

The consolidated financial statements include the accounts of Cominco Ltd. ("Cominco") and all its subsidiaries. In 1973 Cominco adopted the equity method of accounting, whereby it includes in earnings its share of the earnings and losses of associated companies in which it owns 50% or less of the shares but over which it nevertheless has substantial influence. Prior to 1973 Cominco included in earnings only dividends received from such companies. The figures for 1972 have been restated to be comparable, reflecting the minor differences to that time from applying the equity method as though it had been in effect since the investments were acquired.

b) Translation of foreign currencies into Canadian dollars.

Foreign currency assets and liabilities of Cominco and its domestic subsidiaries have been translated at year-end rates of exchange. Current assets and liabilities of foreign subsidiaries have been translated at year-end rates and all other assets and liabilities at historical rates.

c) Fixed assets, depreciation and depletion.

Expenditures on "Land, buildings and equipment" are recorded at cost less amounts realized on sales. When such expenditures have been fully depreciated, it is the practice to write off the recorded cost against the depreciation accumulation so that only costs not fully depreciated are carried on the balance sheet. It is not the practice to record gains or losses on abandonments or suspensions in the use of these assets, nor on sales or other dispositions, except in extraordinary circumstances.

Plant expenditures are depreciated over their estimated economic lives. Because of the wide range of economic lives of the integrated mining and manufacturing facilities of Cominco and its Canadian subsidiaries, expenditures on these facilities are pooled and depreciated on a straight line basis over thirteen years. Expenditures on the potash mine are depreciated on a straight line basis over twenty years. Other subsidiaries depreciate fixed asset expenditures over the estimated economic lives of the individual facilities and reflect gains or losses on sales and abandonments.

Expenditures on general mineral exploration are charged against earnings as incurred. Expenditures to investigate identified properties and to develop mines are capitalized as "Mining properties and development" and these expenditures, together with the cost of certain investments in mining companies, are amortized against earnings by charges for depletion determined in a systematic way based on the companies' mineral resources position.

d) Inventories.

Inventories of raw materials and products are valued generally at the lower of cost (determined on the monthly average method) and net realizable value. Inventories of stores and operating supplies are valued at cost less appropriate allowances for obsolescence.

e) Pensions.

Pension costs for current service are charged to earnings on a current basis. The liability for past service is being funded and charged to earnings over the period until 1991.

f) Reclassification.

In 1973 sales have been stated before deducting distribution expense which has been shown as a separate item in costs and expenses. Certain other reclassifications have been effected. In all cases comparative figures for 1972 conform with the 1973 presentation.

2. Inventories.

	1973	1972
	(thousands)	
Raw materials and products	\$69,461	\$55,579
Stores and operating supplies	21,876	16,168
	<u>\$91,337</u>	<u>\$71,747</u>

3. Investments.

	1973	1972
	(thousands)	
a) Associated companies on an equity basis		
Shares having no quoted market value, at cost less recoveries	\$25,603	\$26,672
Equity in undistributed earnings (losses)	(1,133)	477
	<u>24,470</u>	<u>27,149</u>
Advances	6,385	2,074
	<u>\$30,855</u>	<u>\$29,223</u>

b) Other companies.

	1973	1972
	(thousands)	
Panarctic Oils Ltd., shares at cost	\$ 8,483	\$ 6,778
Other shares, at cost less amounts written off and amounts realized on sales		
Quoted market value \$2,558,000 .	3,137	3,066
No quoted market value	1,664	1,790
Advances	617	916
	<u>13,901</u>	<u>12,550</u>
Less accumulated depletion of mineral investments	4,568	4,732
	<u>\$ 9,333</u>	<u>\$ 7,818</u>

4. Other assets.

	1973	1972
	(thousands)	
Potash rehabilitation costs	\$10,156	\$ 9,762
Deferred financing costs	2,433	2,574
Other deferred charges	—	1,568
Sundry	1,659	2,164
	<u>\$14,248</u>	<u>\$16,068</u>

Rehabilitation of the potash mine following the flooding in 1970 was completed by March 1973 when commercial production resumed. Legal counsel have advised that in their opinion there are good grounds for establishing liability against the contractors and legal proceedings are in progress to recover the loss.

5. Long-term debt.

1973 1972
(thousands)

Canadian companies

Cominco Ltd.

8½ % Sinking fund debentures
due 1991 \$ 65,000 \$ 65,000

West Kootenay Power and Light Company, Limited

5¾ % First mortgage bonds
due 1985 7,750 8,000
Bank loan due 1975 4,350 3,400

Pacific Coast Terminals Co. Ltd.

Bank loan due 1974 to 1978 2,500 2,900

Other 1,541 1,644
81,141 80,944

Companies in the U.S.A.

Cominco American Incorporated

5½ % and 6¾ % Notes
(U.S. \$9,900,000) due
1974 to 1980 9,900 11,343

Camex Inc.

7% Notes (U.S. \$14,680,000)
due 1974 to 1984 14,680 15,930
24,580 27,273

Companies in Australia, payable in U.S. and Australian funds

2,022 2,809

Company in Denmark

Greenex A/S

Bank loans (U.S. \$14,000,000
and Can. \$22,029,000) due
1975 to 1979 36,029 9,950

Bank loan (U.S. \$300,000 and
Can. \$5,635,000) due 1979 5,935 —

41,964 9,950

149,707 120,976

Less portion due within one year 4,768 4,635

144,939 116,341

Add net unrealized gain on translation
of foreign currencies.....

1,544 1,898

\$146,483 \$118,239

Payments due in 1974 are \$4,768,000; 1975 \$15,625,000;
1976 \$11,225,000; 1977 \$10,860,000; 1978 \$10,800,000.

6. Commitments and contingent liabilities.

a) At December 31, 1973 sundry guarantees, commitments and claims are estimated at \$31,600,000 including guarantees of bank loans of Fording Coal Limited amounting to \$27,600,000.

b) Pine Point Mines Limited, a subsidiary company, has been reassessed for income taxes for 1968 and 1969 on the grounds that a special transportation charge paid to Canadian National Railways is not deductible in determining taxable income. On the advice of its legal counsel that it has a sound case, the company has filed Notices of Objection. Should it be unsuccessful in defending its position, the earnings of Cominco would be reduced by \$500,000 for 1973 and by \$2,100,000 for the six years to December 31, 1973. No provision for these taxes has been made in the financial statements.

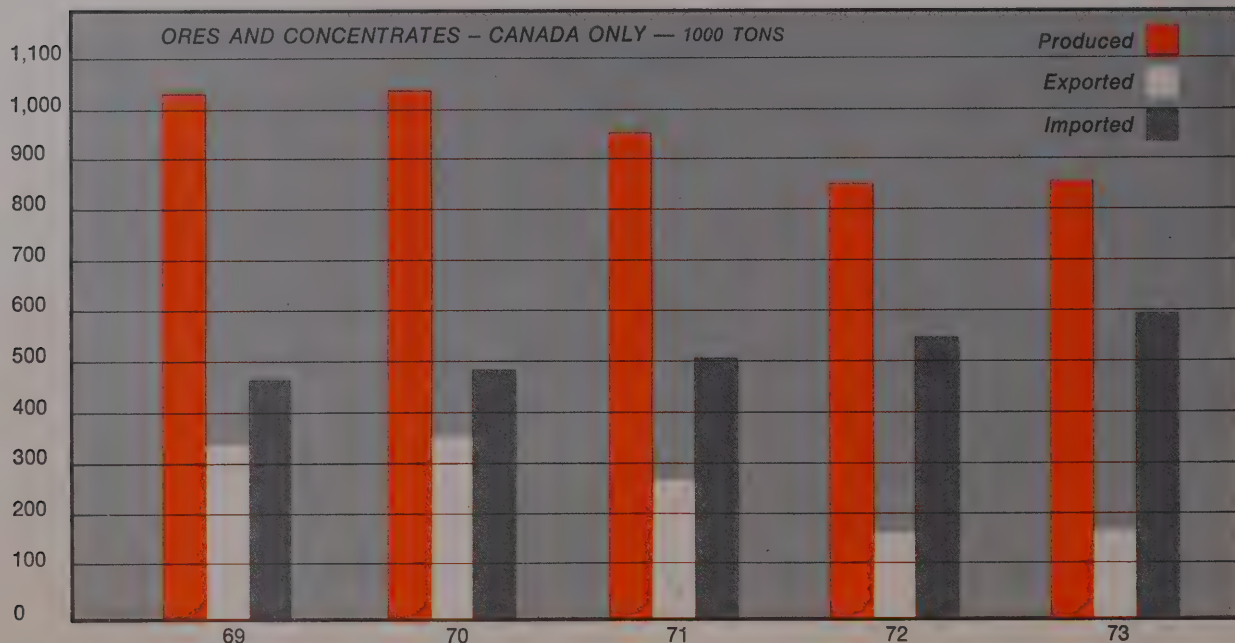
c) Actuarial estimates of the unfunded liability for past service under the principal pension plans of Cominco at January 1, 1973 amounted to \$9,900,000. This estimate relates retirement benefits to final earnings in 1979 or on retirement, whichever first occurs, with the intention that the date will be extended annually; such extensions may increase the unfunded liability.

7. Directors' and officers' remuneration.

In 1973 total remuneration of \$89,000 was paid to fourteen (all) directors and \$1,024,000 to sixteen (all) officers of Cominco, including relatively insignificant amounts paid to them by subsidiaries. There were four officers who were also directors.

8. Subsequent event.

Cominco purchased 492,400 shares (7.6% of the outstanding shares) of Tara Exploration and Development Company Limited ("Tara") for \$11,150,000 and on February 15, 1974 offered to purchase all the remaining issued shares of Tara for cash at \$25 each.



Marketing

Primary Metals

There was strong demand for the Company's metallurgical products during 1973. Inventories at the year-end were at minimal levels with the exception of zinc and lead concentrates. Ships to move these materials were delayed by the critical shortage of bunker fuel.

Distribution of Sales

	Percent
Canada	26
United States	36
Europe (including the United Kingdom)	29
Other	9

World consumption of refined zinc and lead (exclusive of Communist countries) increased in 1973 by 9 percent to 5.3 million tons and by 6 percent to 3.9 million tons respectively. Both metals were in short supply for most of the year in spite of releases of large tonnages of zinc and lead from United States Government stockpiles. World prices received for the Company's metallurgical products increased substantially reflecting the tight supply situation, currency realignments and cost escalation.

In the United States zinc and lead prices were controlled by Government action until 6th December when both metals were exempted from Phase IV controls. This should result in the re-establishment of traditional price differentials between the United States and world markets.

In October the Government of the United States ruled that primary lead from Canada and Australia was being sold at "less than fair value". As a result the Company has abandoned its policy of marketing lead in the United States on the basis of the domestic price and now sells in that country at a price which ensures avoidance of dumping duties on its metal.

Demands for other metals produced by the Company were good and prices at year-end were substantially above those in effect a year ago.

Coal sales of the associate company, Fording Coal, were below expectation because of operating and transportation problems. An interim price agreement for the fiscal year ending March 1974 was negotiated with the Japanese customers.

Cominco continued to strengthen its position in Europe. Cominco (U.K.) purchased a seat on the London Metal Exchange and commenced trading activities in June, 1973. Cominco Metall Handelsgesellschaft mbH, a newly incorporated, 100 percent owned subsidiary of Cominco GmbH, commencing 1st January, 1974 will conduct all trading activities not connected with the marketing of the Company's products.

Chemicals & Fertilizers

Sales of chemicals and fertilizer products are shown in the table. Fertilizer markets in 1973 were strong reflecting a buoyant agricultural economy both in Canada and the United States. North American fertilizer demand exceeds the continental productive capacity for the first time in a number of years. This situation is expected to continue until planned new plants come into operation during 1975-1976.

In Canada prices increased from the low and unprofitable levels of the past several years. In the United States prices improved markedly on most fertilizers following the October lifting of price controls which had been in effect for two years.

Demand for potash in all world markets increased rapidly in the second half of 1973 and resulted in a severe strain on railway transportation facilities. The Government of Saskatchewan, under its potash pro-rationing regulations, increased the allowable production rate for the industry in the year 1973-1974 to 68.5 percent of design capacity as compared to 52 percent the previous year.

METAL PRICES

		ZINC		LEAD	
		31 Dec. 1973	31 Dec. 1972	31 Dec. 1973	31 Dec. 1972
CANADA	¢/lb.	31.0	19.5	17.5	15.0
U.S.A.	Producer Price ¢/lb.	29.7	18.3	18.3	14.5
	Cominco Price ¢/lb.	31.7	20.0	19.0	14.5
EXPORT	Producer Price £/M.T.	300	173	—	—
	London Metal Exchange £/M.T.	—	—	244	130

PLANT FOOD & CHEMICALS SALES

	1973	1972
Chemicals & Fertilizers	Tons	Tons
Canada	392,000	315,000
U.S.A.	1,079,000	1,015,000
Other	5,000	40,000
Total	1,476,000	1,370,000
Potash	674,000	259,000
Total	2,150,000	1,629,000

Energy

Hydroelectric Power

Total generation from the Company's five hydroelectric plants on the Kootenay and Pend-d'Oreille Rivers was 4.45 (3.94) billion kilowatt hours. The substantial power shortage which prevailed throughout the Pacific Northwest in 1973 provided an export market for the Company's surplus hydro energy. In July 1973 the National Energy Board granted extensions to the Company's licenses to export power, surplus to Canada's requirements, to the United States.

Coal

At the Elkford, B.C. project of Fording Coal residual start-up problems, labour difficulties at the plant, the impact of the rail strikes and the effect of a chronic shortage of labour, particularly of tradesmen resulted in a shortfall from contract requirements and a net loss of \$5.9 million. Cominco's equity in this loss was \$2.4 million.

Cominco manages the operation of CanPac Minerals and its large Western Canada reserves of thermal and coking coal and of potash. During the year an agreement was signed with Calgary Power Ltd. for the development of the thermal coal deposits in the South Wabamun field, 30 miles west of Edmonton. An option was also granted to The Granby Mining Company Limited to acquire CanPac's interest in a 30,000-acre coking coal property in the southern foothills of Alberta.



Coal from Fording

People

The employees of the Company and its subsidiaries at the year-end totalled 11,129 (10,739).

A general shortage of miners and skilled personnel persisted at many of the Company's operations. To combat this situation the Company has accelerated its recruiting activity and has stepped up its internal training programs with a considerable degree of success.

Collective agreements were negotiated for periods ranging from 24 to 28 months at Pine Point, Calgary Fertilizer (after an 8-week strike), Pinchi Lake, Vade Potash, Western Canada Steel's Vancouver plant (after a 15-week

strike) and at Cominco American's Spokane, Brock and Magmont operations. At Fording, negotiations to renew the collective agreement, which expired at the end of 1973, were unsuccessful and a strike commenced at midnight 31st December.

A saving and stock purchase plan was introduced and became effective 1st January, 1974 at Canadian operations for all salaried employees not covered by labour certification.

In September, the Company's offices in Vancouver were consolidated at 200 Granville Square.

Subsidiaries & Associates

Over the years the Company has acquired interests in a wide variety of other enterprises. Each of these relates in some way to its present needs or future plans. The main thrust of its activities is therefore given added diversity in product or function or location.

Pine Point Mines and Greenex provide basic reserves of zinc and lead ore second only to the Sullivan Mine.

Cominco American, in addition to being a major outlet for the Company's products in the United States, supplements its mineral reserves, produces half of its phosphate rock and is a major source of ammonia.

Cominco Australian adds tin and tungsten to the list of metals produced and establishes a Cominco presence in Australia.

Cominco Binani creates a position for the Company in India and Mitsubishi Cominco does the same in Japan.

Western Canada Steel, together with its subsidiary, Hawaiian Western has established Cominco as an important producer of secondary steel from recycled scrap while Canada Metal recycles base metal scrap into useful products.

National Hardware is a substantial Canadian outlet for the Company's high purity zinc.

Through West Kootenay Power, Fording Coal and CanPac Minerals, the Company participates in the growing energy market.

Pacific Coast Terminals, in addition to participating in the developing maritime commerce of Canada's west coast, ensures stability and economy in the transshipment of the Company's imports and exports.

Pine Point Mines Limited

Net earnings for 1973 were \$20.6 (\$7.3) million and total sales were \$85.2 (\$51.4) million.

Production totalled 371,000 (391,000) tons of zinc con-

centrate and 130,000 (119,000) tons of lead concentrate. Of these amounts 231,000 (245,000) tons of zinc concentrate and 60,000 (65,000) tons of lead concentrate were refined to metal at Trail, B.C. The balance was sold to others including Cominco's associates.

During the year underground development of the most recently defined orebody, M-40, was undertaken by a continuous mining machine. Following the successful program in 1973, which produced 24,000 tons of ore, increased output from this orebody is expected in the coming year.

A major exploration effort is planned for 1974 to expand the present reserves which, at current rates of production, are equivalent to a life of approximately 10 years. As a result of the safe performance of all employees this operation was awarded the Dominion Ryan Trophy safety award for selected mines.



Pine Point zinc-lead ore



Subsidiaries & Associates (cont'd)

Cominco American Incorporated

Consolidated sales were U.S. \$108.5 (\$81.9) million. Of this amount revenue from metals and concentrates from the Magmont Mine totalled \$12.7 (\$10.3) million, from phosphate rock sales \$2.3 (\$2.1) million, from electronic material sales \$10.5 (\$5.1) million and from fertilizer sales \$83.0 (\$64.4) million. While all areas showed improvement, the advance in electronic material sales was particularly noteworthy.

The Magmont Mine, Bixby, Missouri is 50 percent owned and is operated by Cominco American. Production was at a consistently high level throughout the year apart from a one-month closure due to a June strike. Lead concentrate is tolled through an adjoining custom smelter.

Total output of the Brock Mine, Garrison, Montana, owned and operated by Cominco American, was shipped to the Kimberley fertilizer plant. To meet the growing demand for phosphate fertilizers plans were underway at year-end to increase production.

Cominco American carries out an active exploration program throughout continental United States including Alaska. A 60 percent-owned joint venture has developed a significant tonnage of low-grade zinc reserves in Tennessee and Kentucky. Under the direction of Camex, several small oil and gas prospects in Texas and New Mexico are experiencing modest success.

The electronic materials activity, originally based solely on high purity metals, has been expanded into high precision technology, fabricated parts and fine wire with controlled characteristics. In view of the favourable long-term outlook a new facility was under construction at year-end in Spokane, Washington.



Magmont lead ore



Cleveland tin-copper ore

Western Canada Steel Limited

Consolidated sales totalled \$34.9 (\$31.3) million. Except for the strike period, previously mentioned, all plants operated at capacity to meet the sales' requirements resulting from a world shortage of steel. On December 31st the option was exercised to purchase the leased plant, which it has operated for a number of years in Calgary, Alberta. Rolled steel bars, shapes and industrial fasteners are produced in Vancouver and Calgary and in Hawaii through its subsidiary Hawaiian Western Steel.

National Hardware Specialties Limited

Sales amounted to \$8.7 (\$7.1) million. Located in Ontario, National's three plants form a major integrated zinc die-casting and plating facility. Their main products are parts for the automotive hardware and industrial markets.

Cominco Australian Pty. Ltd.

Principal interests are Cominco Exploration, which has been active in Australia since 1965, and Aberfoyle, an established Australian mining company. In addition to its own activities in Australia and Asia, Cominco Exploration provides geological consultation to Aberfoyle and its subsidiaries.

The depressed condition of the world tungsten market resulted in suspension of operations at Storey's Creek Mine and reduction in output from the Aberfoyle Mine.

Consolidated sales amounted to \$12.8 (\$12.9) million Australian. Revaluation of the Australian dollar against other world currencies significantly reduced the revenue received by the Aberfoyle group while costs continued to escalate thus eroding the group's earnings.

West Kootenay Power & Light Company, Limited

This subsidiary supplies electric power to 61,000 customers in south-eastern British Columbia. Total sales of energy were 1,040 (961) million kilowatt hours, an increase of 9.0 percent. To serve this growing market demand, capital expenditures of \$2.0 million were required. Net earnings were \$1.05 (\$1.16) million.

In addition to operating its own generating facilities and distribution system for utility purposes, West Kootenay Power manages, under contract, the five hydroelectric plants owned by Cominco.

Pacific Coast Terminals Co. Ltd.

Total cargo handled at 4.04 (2.84) million tons was substantially higher than last year. At New Westminster, changes in cargo mix resulted in lower earnings for the dock and stevedoring divisions. Construction of a 62,000-square foot shed for the handling of pulp was commenced in December. The Port Moody bulk division handled a record tonnage and operated profitably despite heavy maintenance expense. Net earnings were \$298,000 (\$326,000).

The Canada Metal Company Limited

This company produces a wide range of non-ferrous metal products in seven Canadian plants. Both volume and value of shipments increased over the previous year. An environmental problem at the Toronto plant was largely alleviated by operational changes and will be further reduced by the installation of improved filtering systems under way at the year-end.

Mitsubishi Cominco Smelting Company Limited

Located in Japan, this associate had a profitable year and commenced repayment of loans from the parent companies. Concentrate is supplied entirely by Pine Point Mines. Refined lead production amounted to 39,400 (31,500) tons.

Cominco Binani Zinc Limited

Located in south India, this associate obtains part of its concentrate requirements from Pine Point Mines and the balance from purchases in the open market. Until affected by a 77-day strike financial performance had shown a marked improvement because of the higher selling price for zinc authorized by the Central Government. Refined zinc production was 11,000 (15,000) tons.

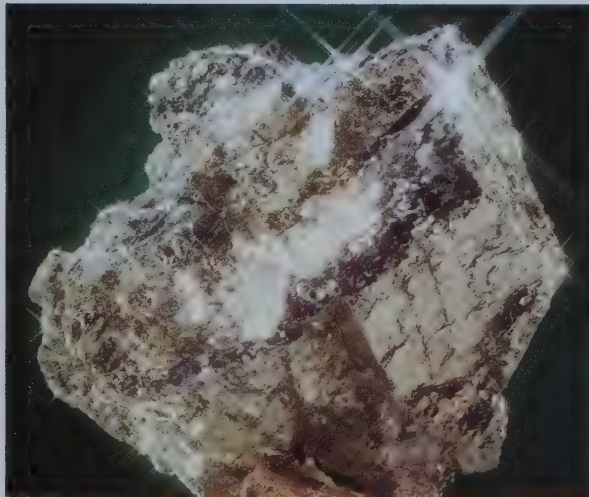
Vestgron Mines Limited

The 1,800 ton per day Black Angel Mine facility in Greenland was brought into production in October, well ahead of schedule. The break-in period went smoothly. One shipment of more than 20,000 tons of concentrate was made before the fiord was closed by ice. Operations are continuing throughout the winter and concentrates are being stockpiled for shipment in the spring of 1974. Concentrates are tolled through European smelters and gross sales taken into revenue were \$842,000.

Fording Coal Limited

CanPac Minerals Limited

For commentary on these two companies see under "Energy", page 22.



Black Angel zinc-lead ore

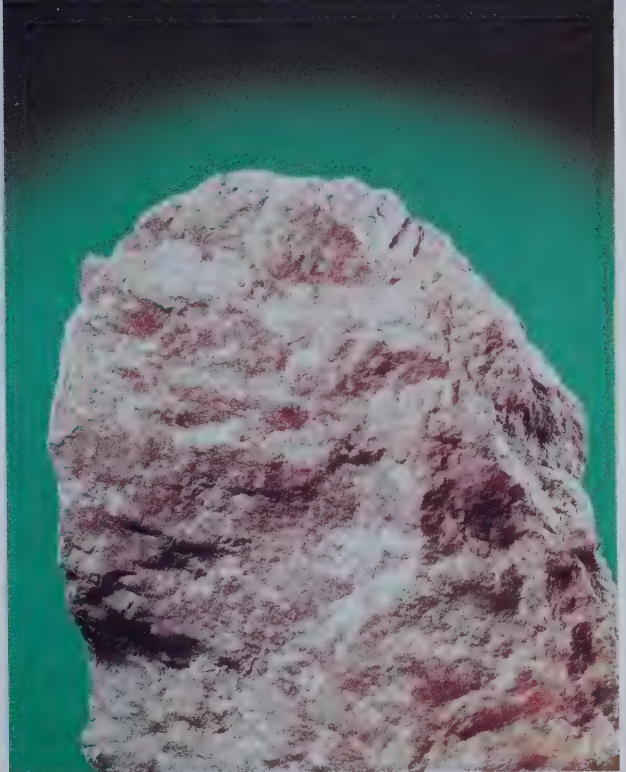
Principal Active Subsidiary & Associated Companies

	COMINCO OWNERSHIP	SENIOR OFFICER	HEAD OFFICE
Arvik Mines Ltd.	75%	R. P. Douglas PRESIDENT	Yellowknife N.W.T.
Bathurst Norsemes Ltd. (NPL)	25%	P. Frigstad PRESIDENT	Vancouver BRITISH COLUMBIA
The Canada Metal Company Limited	50%	C. Smith PRESIDENT AND GENERAL MANAGER	Toronto ONTARIO
CanPac Minerals Limited	40%	M. N. Anderson PRESIDENT AND CHIEF EXECUTIVE OFFICER	Calgary ALBERTA
Cominco American Incorporated	100%	J. C. MacLean PRESIDENT AND CHIEF EXECUTIVE OFFICER	Spokane WASHINGTON, U.S.A.
Camex, Inc.	100%	L. D. Demand PRESIDENT	Borger TEXAS, U.S.A.
Cominco Australian Pty. Ltd.	100%	G. N. Moore CHAIRMAN	Sydney AUSTRALIA
Aberfoyle Limited	55%	J. K. Connor CHAIRMAN	Melbourne AUSTRALIA
Cominco Binani Zinc Limited	40%	G. Binani CHAIRMAN	Calcutta INDIA
Cominco Europe N.V.	100%	W. H. C. Schukking MANAGING DIRECTOR	Amsterdam NETHERLANDS
Exploracion Minera Internacional (España) S.A. (Exminesa)	63%	R. Sanchez Jiménez CHAIRMAN	Madrid SPAIN
Cominco (U.K.) Limited	100%	H. M. Lewis CHAIRMAN	London ENGLAND
Cominco GmbH	100%	H. von Mejer MANAGING DIRECTOR	Dusseldorf WEST GERMANY
Mazak Limited	50%	N. A. Gilberthorpe CHAIRMAN	Bristol ENGLAND
Fording Coal Limited	40%	M. N. Anderson PRESIDENT AND CHIEF EXECUTIVE OFFICER	Trail BRITISH COLUMBIA
Lepanto Exploration (Asia) Inc.	15%	L. M. Guerrero DIRECTOR	Manila PHILIPPINE ISLANDS
Mitsubishi Cominco Smelting Company Limited	45%	T. Takata PRESIDENT	Tokyo JAPAN
National Hardware Specialties Limited	99%	W. J. McDonald PRESIDENT	Dresden ONTARIO
Pacific Coast Terminals Co. Ltd.	78%	W. W. Brown PRESIDENT	New Westminster BRITISH COLUMBIA
Panarctic Oils Limited	9%	C. R. Hetherington PRESIDENT AND CHIEF EXECUTIVE OFFICER	Calgary ALBERTA
Pine Point Mines Limited	69%	J. H. Salter PRESIDENT	Pine Point N.W.T.
Rycon Mines Limited	76%	R. P. Douglas PRESIDENT	Yellowknife N.W.T.
Société Centrafricaine d'Exploitation Diamantifère (SCED)	60%	A. E. Jolis PRESIDENT	Bangui THE CENTRAL AFRICAN REPUBLIC
Valley Copper Mines Limited (N.P.L.)	70%	R. J. Armstrong PRESIDENT	Trail BRITISH COLUMBIA
Vestgron Mines Limited	62%	R. J. Armstrong PRESIDENT	Trail BRITISH COLUMBIA
Greenex A/S	62%	E. Dragsted CHAIRMAN	Umanak GREENLAND
Western Canada Steel Limited	100%	M. C. D. Hobbs CHAIRMAN AND CHIEF EXECUTIVE OFFICER	Vancouver BRITISH COLUMBIA
Hawaiian Western Steel	51%	C. C. Smith GENERAL MANAGER	Ewa HAWAII
West Kootenay Power and Light Company, Limited	100% *	W. K. Gwyer PRESIDENT AND CHIEF EXECUTIVE OFFICER	Trail BRITISH COLUMBIA

*100% Common;
25% Preferred.

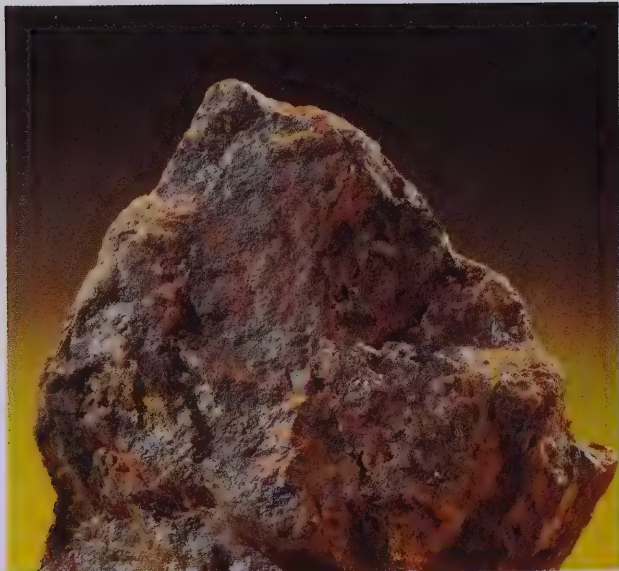


Coast Copper ore

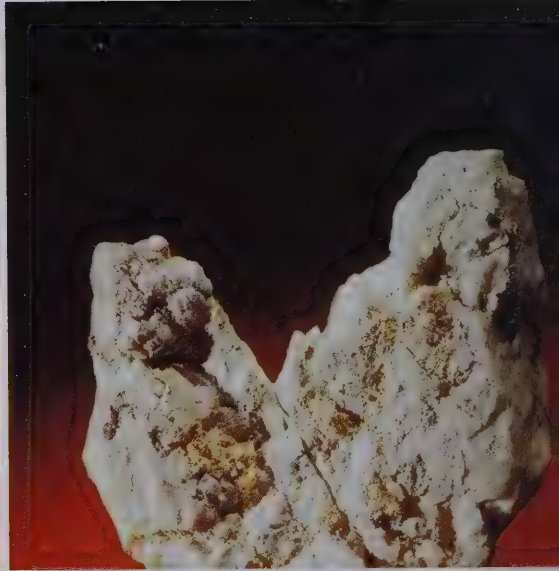


Pinchi Lake mercury ore

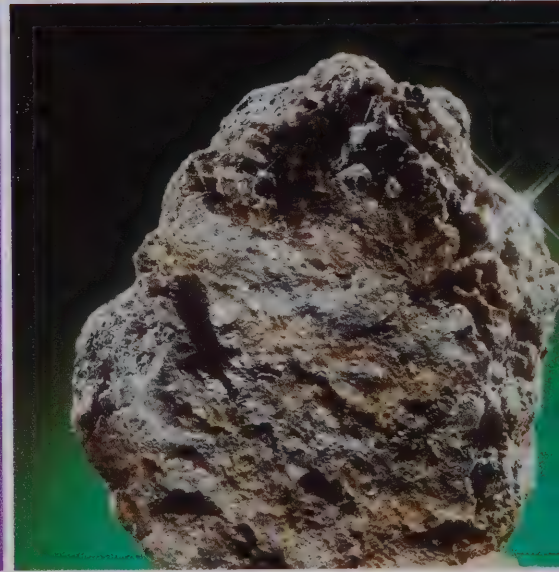
Zinc-Lead



Gold



Copper



Zinc-Lead

Copper-Molybdenum



Copper

Representative ore samples from Cominco's world-wide exploration prospects.

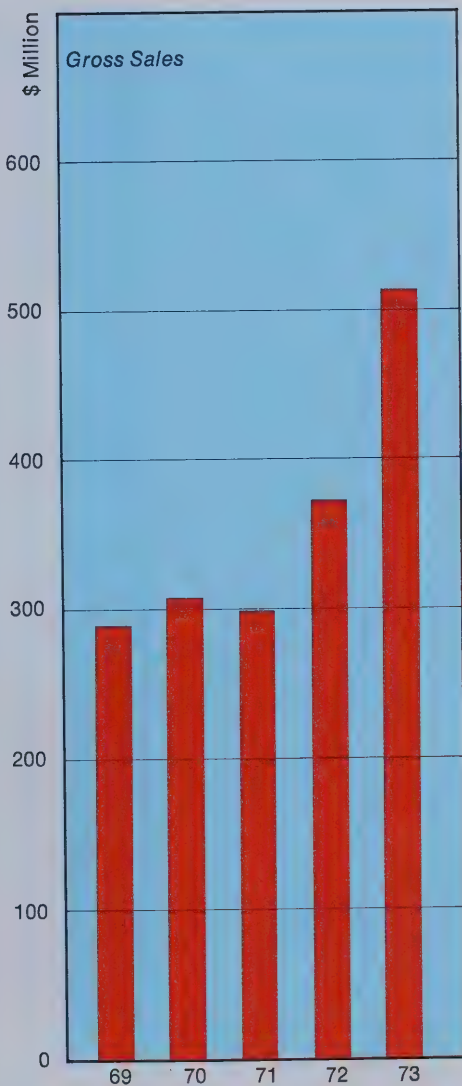
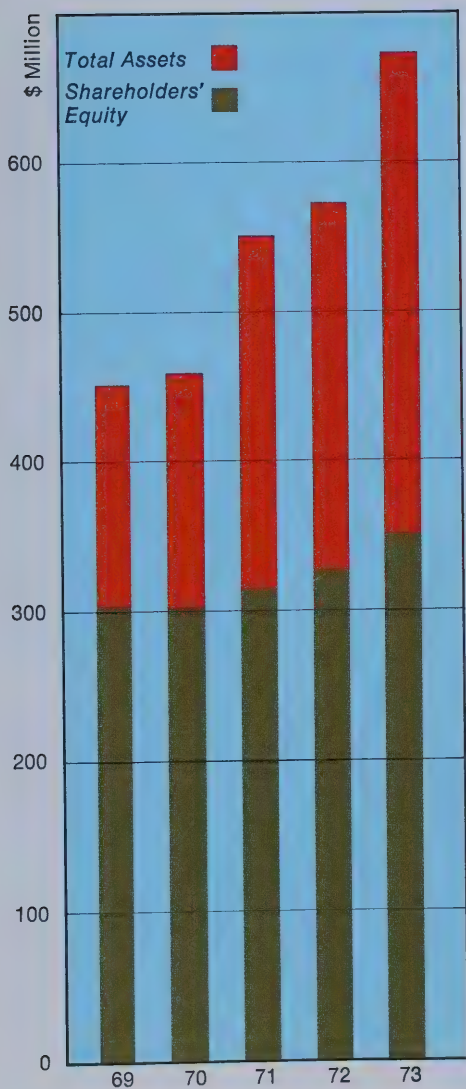


Consolidated Five-Year Summary

(all dollar amounts in millions except per share statistics)

OPERATIONS	1973	1972	1971	1970	1969
Gross sales of products and services	\$514.0	\$372.9	\$300.0	\$309.3	\$290.9
Earnings before taxes	93.1	38.4	28.6	40.7	48.1
Income taxes	44.7	15.0	7.6	9.9	12.3
Minority interests	5.6	3.4	4.4	6.5	5.5
Net earnings	42.8	20.0	16.6	24.3	30.3
Dividends	21.2	13.5	11.7	23.4	23.4
Earnings reinvested	21.6	6.5	4.9	0.9	6.9
FINANCIAL POSITION					
Working capital	\$156.1	\$106.9	\$101.7	\$85.6	\$105.9
Fixed assets (net)	368.8	356.3	344.6	272.7	252.2
Total assets	673.2	570.8	554.1	468.1	453.0
Long-term debt	146.5	118.2	110.5	73.8	56.8
Shareholders' equity	346.9	325.2	310.8	302.6	301.7
PER SHARE STATISTICS					
Net earnings	\$2.52	\$1.19	\$1.00	\$1.45	\$1.81
Dividends	1.25	0.80	0.70	1.40	1.40
Shareholders' equity	20.44	19.17	18.61	18.12	18.07
OTHER STATISTICS					
Number of employees	11,129	10,739	10,584	10,157	10,105
Number of shareholders	31,701 (1)	35,434	37,631	39,110	39,406
Number of shares outstanding	16,969,953	16,969,953	16,698,583	16,698,583	16,698,583
Capital expenditures	\$62.4	\$55.4	\$44.9	\$37.7	\$26.8

Note: (1) 94% of the shareholders were Canadian registrants and held 97% of the shares issued.



Directors and Officers

DIRECTORS

*W. J. BENNETT, *President*
Iron Ore Company of Canada, Montreal

H. C. BENTALL, *President*
The Dominion Construction Co. Ltd., Vancouver

*F. S. BURBIDGE, *President*
Canadian Pacific Limited, Montreal

*F. E. BURNET, *Chairman and Chief Executive Officer*
Cominco Ltd., Vancouver

*H. T. FARGEY, *Executive Vice-President, Administration and Marketing*
Cominco Ltd., Vancouver

*G. H. D. HOBBS, *President*
Cominco Ltd., Vancouver

R. A. MacKIMMIE, Q.C., *Partner*
Law firm of MacKimmie Matthews, Calgary

*D. R. McMASTER, Q.C., *Partner*
Law firm of McMaster, Meighen, Minnion, Patch,
Cordeau, Hyndman & Legge, Montreal

H. M. PICKARD, *Chairman and Chief Executive Officer*
Marathon Realty Company Limited, Calgary

S. E. NIXON, *Chairman*
Celanese Canada Limited, Montreal

THE HONOURABLE DUFF ROBLIN, P.C., C.C. *President*
Canadian Pacific Investments Limited, Montreal

*I. D. SINCLAIR, Q.C., *Chairman and Chief Executive Officer*
Canadian Pacific Limited, Montreal

THE HONOURABLE JAMES SINCLAIR, P.C. *Chairman*
Lafarge Canada Ltd., Vancouver

W. J. STENASON, *Executive Vice-President*
Canadian Pacific Investments Limited, Montreal.

*Member of Executive Committee

REGISTRARS

MONTREAL TRUST COMPANY
Vancouver, Calgary, Montreal, Saint John

CROWN TRUST COMPANY, TORONTO

CHEMICAL BANK, NEW YORK

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A. V. MARCOLIN, *Vice-President, Western Operations*

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P. C. STEWART, *Secretary*

W. G. WILSON, *Director, Finance*

M. A. MADLEY, *Treasurer*

H. T. OMMANNEY, *Comptroller*

TRANSFER AGENTS

THE ROYAL TRUST COMPANY
555 Burrard Street, Vancouver, B.C. V6B 3R7

THE ROYAL TRUST COMPANY
600 - 7th Avenue S.W., Calgary, Alberta T2P 0Y6

THE ROYAL TRUST COMPANY
630 Dorchester Blvd. W., Montreal, Quebec H3B 1S6

THE ROYAL TRUST COMPANY
One King Street, Saint John, N.B. E2L 1G1

CANADA PERMANENT TRUST COMPANY
1901 Yonge Street, Toronto, Ontario M4S 1Y8

BANK OF MONTREAL TRUST COMPANY
2 Wall Street, New York, N.Y. 10005

PRINCIPAL PRODUCTS

MARKET AREA

Zinc



One quarter in Canada, one-third in U.S.A., substantial tonnages in the European Common Market, particularly United Kingdom, with the balance in and the rest of the world.

Lead



The marketing pattern for lead is similar to that for zinc. As is also the case with zinc, sales are in the manufactured form, chiefly ingots.

Fertilizers-Potash



Fertilizers are sold chiefly in Western Canada and the Western U.S.A. Potash is sold in North America with considerable tonnages offshore.

PRINCIPAL PRODUCTS

MARKET AREA

USES

Zinc



One quarter in Canada, one-third in the U.S.A., substantial tonnages in the European Common Market, particularly the United Kingdom, with the balance in Asia and the rest of the world.

Protection of steel from corrosion by continuous and hot-dip galvanizing (sheet steel and other structural shapes), zinc die-castings (auto, hardware and appliance parts), brass and bronze alloys and many other uses (powders, oxides, chemicals).

Lead



The marketing pattern for lead is similar to that for zinc. As is also the case with zinc, sales are in the manufactured form, chiefly ingots.

Lead acid storage batteries, lead sheathed cables, anti-knock compounds for gasoline, pigments, solders and various alloys and thin lead sheet for noise control.

Fertilizers-Potash



Fertilizers are sold chiefly in Western Canada and the Western U.S.A. Potash is sold in North America with considerable tonnages offshore.

The Company produces and markets all four main nutrients for plant and tree growth—nitrogen, phosphate, potassium and sulphate.

TRENDS

Galvanizing markets are on the up-trend. Thin-walled diecastings have improved the competitiveness of zinc but the trend to small cars may have a balancing effect.

Demand for battery-powered vehicles is increasing. Lead cable markets can be expected to improve as plastic cable coverings become more expensive. The "lead in gasoline" issue is receiving more scientific attention and phase-out appears to be slowing. The need for noise control will increase the demand for thin lead sheet.

The unprecedented world need for food is resulting in fertilizer demand outstripping supply. Energy problems have contributed to further fertilizer shortages. The Company is well situated to meet a considerable portion of this growing demand.

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